



2120 L Street, NW, Suite 700  
Washington, DC 20037

T 202.822.8282  
F 202.296.8834

HOBBSSTRAUS.COM

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## GENERAL MEMORANDUM 12-072

### IRS Final Regulations on the Health Insurance Premium Tax Credit

On May 23, 2012, the Internal Revenue Service (IRS) published in the FEDERAL REGISTER final regulations on the health insurance premium tax credit enacted by the Patient Protection and Affordable Care Act (ACA). 77 Fed. Reg. 30377 (May 23, 2012). The ACA requires individuals who do not have qualifying coverage to obtain health insurance coverage.<sup>1</sup> To make this requirement more affordable for individuals with household incomes between 100 percent and 400 percent of the federal poverty level (FPL), the law provides tax credits to individuals purchasing insurance on the Exchange plans to lower the cost of premiums. This tax credit will significantly reduce the cost of insurance for individuals who purchase insurance on the Exchanges.

This premium tax credit could result in significant cost savings to tribes, as it would allow tribes to pay only the unsubsidized cost of insurance for their members, and save Contract Health Service dollars by allowing tribal health facilities to bill that insurance.

In the Final Rule, the IRS confirmed that being eligible for IHS coverage does not disqualify American Indians and Alaska Natives from being able to qualify for the premium tax credit. This means that American Indians and Alaska Natives with incomes between 100 percent to 400 percent of the FPL can purchase subsidized insurance on the Exchanges. The IRS also confirmed that tribes can pay premiums on behalf of their members and that their members would qualify for the premium tax credit.<sup>2</sup>

The FEDERAL REGISTER notice may be found here:  
<http://www.gpo.gov/fdsys/pkg/FR-2012-05-23/pdf/2012-12421.pdf> . Please let us know if we may provide additional information regarding the IRS's final regulations on the health insurance premium tax credit.

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Inquiries may be directed to:

Elliott Milhollin ([emilhollin@hobbsstrauss.com](mailto:emilhollin@hobbsstrauss.com))

Geoff Strommer ([gstrommer@hobbsstrauss.com](mailto:gstrommer@hobbsstrauss.com))

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<sup>1</sup> The ACA exempts tribal members from the penalty for failing to obtain health insurance coverage.

<sup>2</sup> The IRS rejected tribal comments that tribal members should be exempted from paying any premiums, that tribal members should not be disqualified from obtaining the premium tax credit if they have employer-provided coverage, and that tribal members should not have to pay back any of the tax credit they get in advance if their income goes up during the year and they no longer qualify for the same tax credit.